

IN SENATE OF THE UNITED STATES.

FEBRUARY 9, 1835.

Read, and ordered that 10,775 copies be printed

Mr. CALHOUN made the following

REPORT:

The Select Committee appointed to inquire into the extent of the Executive patronage; the circumstances which have contributed to its great increase of late; the expediency and practicability of reducing the same, and the means of such reduction, have bestowed on the subjects into which they were directed to inquire, that deliberate attention which their importance demands, and submit, as the result of their investigation, the following report, in part:

To ascertain the extent of executive patronage, the first subject to which the resolution directs the attention of the committee, it becomes necessary to ascertain previously the amount of the revenue and the expenditure, and the number of officers, agents, and persons in the employment of the Government, or who receive money from the public treasury, all of which, taken collectively, constitute the elements of which patronage is mainly composed.

As the returns of the revenue and expenditure for the year 1834 are not yet completed, your committee have selected the year 1833 as being the last of which complete and certain returns can be obtained.

The result of their investigation on all these points will be found in a table herewith annexed, which contains a statement of the amount of the revenue under the various heads of customs, lands, post office, and miscellaneous, for the year 1833; the expenditures, for the same period, arranged under the various heads of appropriations, the number of officers, agents, contractors, and persons in the employment of the Government, or who receive money from the public treasury. From this table it appears that the aggregate amount of the revenue for the year was \$36,667,244, and of the disbursements \$22,713,755; that the number of officers, agents, and persons in the employment of the Government, is 60,294: of which there belongs to the civil list, including persons in civil employ, attached to the army and navy, 12,144; to the military and Indian department 9,643; to the navy, including marine corps, 6,499; to the post office 31,917: all of whom hold their places directly or indirectly from the Executive, and, with the exception of the judicial officers, are liable to be dismissed at his pleasure. If to the above there be added 39,549 pensioners, we shall have a grand total of 100,079 persons who are in the employ of the Government, or dependant directly on the public treasury.

But, as great as is this number, it gives a very imperfect conception of the sum total of those who, as furnishing supplies, or otherwise, are connected with, and more or less dependant on the Government, and of course liable to be influenced by its patronage, the number of whom, with their dependants, cannot even be conjectured. If to these be added the almost countless host of expectants who are seeking to displace those in office, or to occupy their places as they become vacant, all of whom must look to the Executive for the gratification of their wishes, some conception may be formed of the immense number subject to the influence of executive patronage.

But to ascertain the full extent of this influence, and the prodigious control which it exerts over public opinion and the movements of the Government, we must, in addition to the amount of the revenue and expenditure, and the number of persons dependant upon the Government, or in its employ, take into the estimate a variety of circumstances which contribute to add to force and extent of patronage. These, in the regular course of the investigation, would next claim the attention of your committee, but as all, or at least a far greater part of them, are of recent origin, they will properly fall under the next head to which the resolution directs the attention of your committee, and which they will now proceed to investigate.

Among the circumstances which have contributed to the great increase of executive patronage of late, the most prominent, doubtless, are the great increase of the expenditure of the Government, which, within the last eight years, (from 1825 to 1833,) *has* risen from \$11,490,460 to \$22,713,755, not including payments on account of the public debt; a corresponding increase of officers, agents, contractors and others, dependant on the Government; the vast quantity of land to which the Indian title has, in the same period, been extinguished, and which has been suddenly thrown into the market, accompanied with the patronage incident to holding Indian treaties, and removing the Indians to the west of the Mississippi, and also a great increase of the number and influence of surveyors, receivers, registers, and others employed in the branch of the administration connected with the public lands; all of which have greatly increased the influence of executive patronage over an extensive region, and that the most growing and flourishing portion of the Union. In this connexion, the recent practice of the Government must be taken into estimate, of reserving to individual Indians a large portion of the best land of the country, to which the title of the nation is extinguished, to be disposed of under the sanction of the Executive, on the recommendation of agents appointed solely by him, and which has prevailed to so great an extent of late, especially in the southwestern section of the Union.

It is difficult to imagine a device better calculated to augment the patronage of the Executive, and, with it, to give rise to speculations calculated to deprave and corrupt the community, without benefit to the Indians. But as greatly as these causes have added to the force of patronage of late, there are others of a different nature, which have contributed to give it a far greater and more dangerous influence. At the head of these should be placed the practice so greatly extended, if not for the first time introduced, of removing from office persons well qualified, and who had faithfully performed their duty, in order to fill their places with those who are recommended on the ground that they belong to the party in power.

Your committee feel that they are touching ground which may be considered of a party character, and which, were it possible, consistently with the discharge of their duty, they would wholly avoid, as their object is to inquire into facts only, as contributing to increase the patronage of the Executive, without looking to intention, or desiring to cast censure on those in power; but while they would cautiously avoid any remark of a party character, as inconsistent with the gravity of the subject, and incompatible with the intention of the Senate in directing the inquiry, they trust that they are incapable of shrinking from the performance of the important and solemn duty confided to them, of thoroughly investigating to the bottom a subject involving, as they believe, the fate of our political institutions, and the liberty of the country, by declining to investigate, fully and freely as regards its character and consequence, every measure or practice of the Government connected with the inquiry, whether it has, or has not, been a subject of party controversy.

In speaking of the practice of removing from office on party ground as of recent date, and, of course, comprehended under the causes which have of late contributed to the increase of executive patronage, your committee are aware that cases of such removals may be found in the early stages of the Government; but they are so few, and exercised so little influence, that they may be said to constitute instances rather than as forming a practice. It is only within the last few years that removals from office have been introduced as a system, and, for the first time, an opportunity has been afforded of testing the tendency of the practice, and witnessing the mighty increase which it has given to the force of executive patronage; and the entire and fearful change, in conjunction with other causes, it is effecting in the character of our political system. Nor will it require much reflection to perceive in what manner it contributes to increase so vastly the extent of executive patronage.

So long as offices were considered as public trusts, to be conferred on the honest, the faithful, and capable, for the common good, and not for the benefit or gain of the incumbent or his party, and so long as it was the practice of the Government to continue in office those who faithfully performed their duties, its patronage, in point of fact, was limited to the mere power of nominating to accidental vacancies or to newly created offices, and could, of course, exercise but a moderate influence, either over the body of the community, or of the office-holders themselves: but when this practice was reversed—when offices, instead of being considered as public trusts, to be conferred on the deserving, were regarded as the spoils of victory, to be bestowed as rewards for partisan services, without respect to merit; when it became to be understood that all who hold office, hold by the tenure of partisan zeal and party service, it is easy to see that the certain, direct, and inevitable tendency of such a state of things, is to convert the entire body of those in office into corrupt and supple instruments of power, and to raise up a host of hungry, greedy, and subservient partisans, ready for every service, however base and corrupt. Were a premium offered for the best means of extending to the utmost the power of patronage; to destroy the love of country, and to substitute a spirit of subserviency and man-worship; to encourage vice and discourage virtue; and, in a word, to prepare for the subversion of liberty, and the establishment of despotism, no scheme more perfect could be devised, and such must be the tendency of the practice, with whatever intention adopted, or to whatever extent pursued.

As connected with this portion of the inquiry, your committee cannot avoid advertng to the practice, similar in its character and tendency, growing out of the act of the 15th May, 1820, which provides, among other things, that, from and after its passage, all district attorneys, collectors, and other disbursing officers therein mentioned, to be appointed under the laws of the United States, shall be appointed for the term of four years. The object of Congress, in passing this act, was, doubtless, to enforce a more faithful performance of duty on the part of the disbursing officers, by withholding reappointments from those who had not faithfully discharged their duty, without intending to reject those who had. At first, the practice conformed to the intention of the law, and thereby the good intended was accomplished, without materially increasing the patronage of the Executive; but a very great change has followed, which has, in the opinion of your committee, defeated the object of the act, and, at the same time, added greatly to the influence of patronage. Faithful performance of duty no longer insures a renewal of appointment. The consequence is inevitable: a feeling of dependance on the Executive, on the part of the incumbent, increasing as his term approaches its end, with a great increase of the number of those who desire his place, followed by an active competition between the occupant and those who seek his place, followed by all those acts of compliance and subserviency by which power is conciliated; and, of course, with a corresponding increase of the number of those influenced by the Executive will.

In enumerating the causes which have, of late, increased executive patronage, your committee cannot, without a dereliction of duty, pass over one of very recent origin, although they are aware that it is almost impossible to allude to it, in the most delicate manner, without exciting feelings of a party character, which they are sincerely anxious to avoid: they refer to the increased power which late events have given to the Executive over the public funds, and, with it, the currency of the country.

In considering this part of the subject of their inquiry, it is the intention of the committee to confine themselves, exclusively, to the tendency of the events to which they refer, as increasing executive patronage; avoiding all allusion to motives, or to the legality of the acts in question.

Whatever diversity of opinion may exist as to the expediency or the legality of removing the deposits, there can, it is supposed, be none as to the fact that the removal has, as things now stand, increased the power and patronage of the Executive in reference to the public funds. They are now, in point of fact, under his sole and unlimited control; and may, at his pleasure, be withdrawn from the banks where he has ordered them to be deposited, be placed in other banks, or in the custody of whomsoever he may choose to select, without limitation or restriction; and must continue subject to his sole will, till placed by an act of Congress under the custody of the laws. Whether any provision can be devised, which would place them as much beyond the control of the Executive in their present, as they were in their former place of deposite, and which at the same time would not endanger their safety, are points on which your committee do not deem it necessary to venture an opinion. What addition this unlimited control over the public funds, from the time of their collection till that of their expenditure, makes to the patronage of the Executive, is difficult to estimate. According to the report and statement of the Secretary of the Treasury, the amount of the public funds in deposite on the 1st of January, 1824, was

\$11,702,905; and their estimated amount, on the 31st December last, was \$8,695,981; making an average amount for the year of \$10,199,443, the use of which, considering the permanency of the deposits, may be estimated as not of less value to the banks in which they were deposited than four per cent.; making, at that rate, on the average amount in deposite, the sum of \$407,977 per annum. This immense gain to these powerful and influential monopolies depends upon the will and pleasure of the Executive; and must give him a corresponding control over them; but this of itself affords a very imperfect view of the extent of his patronage, dependant on his control over the public deposits. To ascertain its full extent, the advantages which these banks have, in consequence of the deposits, in circulating their notes and in dealing in exchanges, and the competition which it must excite among the banks generally to supplant each other in these advantages, and, of course, in Executive favor, on which they depend, and which must tend to create, on their part, a universal spirit of dependance and subserviency; the means which the deposits necessarily afford to raise or depress at pleasure the value of the stock of this or that bank; and the wide field which is consequently opened to the initiated partisans of power for the accumulation of fortunes by speculations in bank stock; the facility which all these causes combined must give to political favorites in obtaining bank accommodations; and, finally, the control which the accompanying power of designating the notes of what banks may, and what may not, be received in the public dues, gives to the Executive over these institutions, must be taken into the estimate, to form a correct opinion of the full force of this tremendous engine of power and influence, wielded, as things now stand, by the will of a single individual.

Your committee have now enumerated the principal causes which have of late contributed to increase so greatly the patronage of the Executive. There are others still remaining to be noticed, which have greatly contributed to this increase, and which claim the most serious consideration; but as they are of an incidental character, it is proposed to consider them in their proper connection, in a subsequent part of this report. Having completed, under its proper head, the inquiry as to the extent of executive patronage, and the cause of its recent increase, your committee will next proceed to investigate the deeply interesting questions of the expediency and practicability of its reduction.

In considering the question of the expediency of its reduction, your committee do not deem it necessary to enter into an elaborate argument to prove that patronage, at best, is but a necessary evil; that its tendency, where it is not effectually checked and regulated, is to debase and corrupt the community; and that it is, of course, a fundamental maxim in all States having free and popular institutions, that no more should be tolerated than is necessary to maintain the proper efficacy of Government. How little this principle, so essential to the preservation of liberty in popular governments, has been respected under ours, the view which has already been presented of the vast extent to which patronage has already attained under this Government, and its rapid growth, but too clearly demonstrate. But, as great and as rapid as has been its growth, it may be thought by some who have not duly reflected upon the subject, that it is not more than sufficient to maintain the Government in its proper efficiency, and that it cannot be diminished without exposing our institutions to the danger of weakness and anarchy. To demonstrate the utter fallacy of such a supposition, it is only necessary to

compare the present to the past, in reference to the point under consideration.

No one, capable of judging, will venture to assert that the patronage of the Executive branch of this Government, in any stage of its existence, from the time it went fairly into operation, has ever proved deficient in proper influence and control; yet, if the present be compared with any past period of our history, excluding, of course, that of the late war, the patronage now under the control of the Executive will be found greatly to exceed that of any former period. To illustrate the truth of this remark, your committee will select, for comparison, the years 1825 and 1833—the former, because it was thought, even then, by many of the most experienced and reflecting of our citizens, that executive patronage had attained a dangerous extent; and the latter, because it is the latest period of which we have the requisite materials with which to make the comparison. What, then, is the comparative extent of executive patronage, respectively, with the short interval of but eight years between them? What, at these respective periods, was the amount of the revenue and expenditure? What the number of persons in the employ of the Government or dependant on its bounty? and what the extent to which, according to the practice of the respective periods, the patronage of the Government was brought to exert over those subject to its control? A short comparative statement will show.

The income of the Government, in all its branches, including the post office, was, in 1825, \$28,147,383; and in 1833, \$36,667,274. The gross expenditures, including the public debt, in 1825, was \$24,814,847; in 1833, \$27,229,389. Excluding the public debt, it was, in 1825, \$12,719,503; in 1833, \$25,685,846. The number of persons employed and living on the bounty of the Government, in 1825, 55,777; in 1833, 100,079.

Measuring the extent of the patronage, at these respective periods, by these elements combined, without taking into consideration the circumstances which, as already shown, have, in this short period, given such increased force to executive patronage, the result of the whole, in 1825, compared to 1833, is as 65 to 89, making an increase of upwards of 36 per cent. If the comparative rapidity of this great increase be examined, it will be found that it has had a progressive acceleration throughout the period. If we divide the period into equal parts of four years each, the increase in the first four years will be found much less than in the last four. The increase, for instance, of the revenue during the first four years was 4,616,594 dollars; and during the last four 4,906,026 dollars; of the expenditures during the first four, 1,873,675 dollars; and during the last four 9,313,340 dollars.

It may be said that this increase of patronage, great as it is, does not materially exceed the growth and population of the country, with which, it is assumed, that it ought to keep pace. This view overlooks entirely the increase of patronage from those circumstances which have so much increased it during the period in question, as has already been shown. If these be taken into consideration; if, to the increase of revenue and expenditure, and the number dependant on Government, we add the vast increase of executive patronage from the immense public domain recently thrown into market; the great extent of Indian reservations; the control which the practice of removal has established over those in office; and the great addition to executive power over the public funds, and, through this, over the bank institutions of the country, it cannot be doubted, that, instead of increasing only 36 per cent., it has more than doubled in the period in question; while the

growth and population of the country have probably not exceeded twenty-four per cent.

But your committee cannot agree that there is any substantial reason why executive patronage should increase in the same proportion with the growth and population of the country. With the exception of the post office establishment, there is no necessary connexion between the increasing growth and population of the country, and the increasing patronage of the Government. On the contrary, many of the public establishments are, or ought to be, stationary, others on the decrease; others, though necessarily increasing, increase at a rate far less than our population; and yet we find that, for the last eight years, there has been a progressive increase of patronage far greater than the growth and population of the country.

But the assumption that executive patronage and influence should increase in the same ratio with the growth and population of the country, is not less dangerous than it is erroneous. If this assumption be carried out in practice, it must finally prove fatal to our institutions and liberty. The same amount of patronage and influence, in proportion to the extent and population of a country, which, in a small State, moderately populous, would be perfectly safe, might prove fatal in an extensive and populous community; just as a much smaller military force, in proportion, would hold under subjection the latter than the former. The principle is the same in both cases: the great advantage which an organized body, such as a government or an army, has over an unorganized mass—an advantage increasing with the increased difficulty of concert and co-operation; and this, again, increasing with the number and dispersion of those on whose concert and co-operation resistance depends; and hence, from their combined action, both as applied to the civil and military, the great advantage which power has over liberty in large and populous countries—an advantage so great that it is utterly impossible in such countries to defend the latter against the former, unless aided by a highly artificial political organization such as ours, based on local and geographical interests. If, to this difficulty, resulting from numbers and extent only, there be added others of a most formidable character, the greater capacity in proportion on the part of the Government, in large communities, to seize on and corrupt all the organs of public opinion, and thus to delude and impose on the people; the greater tendency in such communities to the formation of parties on local and separate interests, resting on opposing and conflicting principles, with separate and rival leaders at the head of each, and the great difficulty of combining such parties in any system of resistance against the common danger from the Government, some conception may be formed of the vast superiority which that organized and central party, consisting of office-holders and office-seekers, with their dependants, forming one compact disciplined corps, wielded by a single individual, without conflict of opinion within either as to policy or principle, and aiming at the single object of retaining and perpetuating power in their own ranks, must have in such a country as ours over the people—a superiority so decisive that it may be safely asserted that whenever the patronage and influence of the Government are sufficiently strong to form such a party, liberty, without a speedy reform, must inevitably be lost. When we add that this great advantage of the Government over the people, of power over liberty, must increase proportionately with the growth and population of our country, it must be apparent how fatal would be the assumption, if acted on, that patronage and influence should

increase in the same proportion; and how infinitely dangerous has been the tendency of our affairs of late, when, as has been shown, instead of increasing simply in the same proportion, they have advanced with a rapidity more than double. So far is the assumption from being true, if we regard the duration of our institutions and the preservation of our liberty, we must hold it as a fundamental maxim, that the action of the Government should, with our growth, gradually become more moderate, instead of more intense; a maxim resting on principles deep and irreversible, and which cannot be violated without inevitable destruction. Moderation in the action of this Government, the great central power of our system, is, in fact, the condition on which our political existence depends. In complying with this condition, we but conform to the principle which divine wisdom has impressed upon the beautiful and sublime system of which our globe is a part, and in which the great mass that gives life and harmony and action to the whole reposes almost motionless in the centre.

Your committee are aware that, since 1833, there has been a very considerable decrease of revenue, under the act of 2d March, 1833, known as the compromise law, with other preceding acts, in consequence of the payment of the public debt, which would very considerably affect the comparison if the year 1834, instead of 1833, had been selected; and they have to express their regret that the want of full and accurate materials for the former year prevents them from furnishing a statement which, while it would show the decrease, would also show how little the final discharge of the public debt has contributed to diminish either the public expenditure, or the patronage of the Executive—facts of no small moment, as connected with the subject of inquiry. The deep interest which the enlightened and patriotic took in that great event, was not to indulge in the idle boast that the country was free from debt, but that it would, as they believed, be necessarily followed by the substantial blessing of reducing the public burdens, and, with it, the patronage of the Government; and thus, while it relieved industry, it would, at the same time, strengthen liberty against power. Thus far, these anticipations have been but very imperfectly, if at all, realized. As great as has been the reduction of the revenue, it is still as great as it was when the debt exceeded more than \$100,000,000; and what is more to the point; what conclusively shows how much easier it is to discharge a public debt than to obtain the corresponding benefits, a proportionate diminution of the public expenditure, is the fact, now, when we are free from all debt, the public expenditure is as great as it was when the debt was most burdensome to the country. The only difference is, that then the money went to the public creditors, but now goes into the pockets of those who live on the Government, with great addition to the patronage and influence of the Executive, but without diminution of burden to the people.

Your committee will next proceed to inquire what has been the effects of this great, growing, and excessive patronage, on our political condition and prospects—a question of the utmost importance in deciding on the expediency of its reduction. Has it tended to strengthen our political institutions, and to give a stronger assurance of perpetuating them, and, with them, the blessings of liberty to our posterity? Has it purified the public and political morals of our country, and strengthened the ties of patriotism? Or, on the other hand, has it tended to sap the foundation of our institutions; to

throw a cloud of uncertainty over the future; to degrade and corrupt the public morals; and to substitute devotion and subserviency to power in the place of that disinterested and noble attachment to principles and country which are essential to the preservation of free institutions? These are the questions to be decided; and it is with profound regret that your committee are constrained, however painful, to say that the decision admits of little doubt. They are compelled to admit the fact, that there never has been a period, from the foundation of the Government, when there were such general apprehensions and doubts as to the permanency and success of our political institutions; when the prospect of perpetuating them, and, with them, our liberty, appeared so uncertain; when public and political morals are more depressed; when attachment to country and principles were more feeble, and devotion to party and power stronger; for the truth of all which they appeal to the observation and reflections of the experienced and enlightened of all parties. If we turn our eyes to the Government, we shall find that, with this increase of patronage, the entire character and structure of the Government itself is undergoing a great and fearful change, which, if not arrested, must, at no distant period, concentrate all its power in a single department.

Your committee are aware that, in a country of such vast extent and diversity of interests as ours, a strong Executive is necessary; and, among other reasons, in order to sustain the Government, by its influence, against the local feelings and interests which it must, in the execution of its duties, necessarily encounter; and it was doubtless with this view mainly that the framers of the Constitution vested the executive powers in a single individual, and clothed him with the almost entire patronage of the Government. As long as the influence of the Executive is so moderate as to compel him to identify his administration with the public interest, and to hold his patronage subordinate to the principles and measures necessary to promote the common good, the executive power may be said to act within the sphere assigned to it by the constitution, and may be considered as essential to the steady and equal operation of the Government; but when it becomes so strong as to be capable of sustaining itself by its influence alone, unconnected with any system of measures or policy, it is the certain indication of the near approach of irresponsible and despotic power. When it attains that point it will be difficult to find, anywhere in our system, a power sufficient to restrain its progress to despotism. The very causes which render a strong Executive necessary, the great extent of country and diversity of interests, will form great and almost insuperable impediments to any effectual resistance. Each section, as has been shown, will have its own party and its own favorites, entertaining views of principles and policy so different as to render an united effort against executive power almost impossible, while their separate and disjointed efforts must prove impotent against a power far stronger than either, taken separately; nor can the aid of the States be successfully invoked to arrest the progress to despotism. So far from weakening, they will add strength to executive patronage. A majority of the States, instead of opposing, will be usually found acting in concert with the Federal Government, and, of course, will increase the influence of the Executive; so that, to ascertain his patronage, the sum total of the patronage of all the States, acting in conjunction with the Federal Executive, must be added to his. The two, as things now stand, constitute a joint force, difficult to be resisted.

Against a danger so formidable, which threatens, if not arrested, and that speedily, to subvert the constitution, there can be but one effectual remedy; a prompt and decided reduction of executive patronage; the practicability and means of effecting which, your committee will next proceed to consider.

The first, most simple, and usually the most certain mode of reducing patronage, is to reduce the public income, the prolific source from which it almost exclusively flows. Experience has shown, that it is next to impossible to reduce the public expenditure with an overflowing treasury; and not much less difficult to reduce patronage without a reduction of expenditure; or, in other words, that the most simple and effectual mode of retrenching the superfluous expenditure of the Government; to introduce a spirit of frugality and economy in the administration of public affairs; to correct the corruption and abuses of the Government; and, finally, to arrest the progress of power, is, to leave the money in the pockets of those who made it, where all laws, human and divine, place it, and from which it cannot be removed by Government itself, except for its necessary and indispensable wants, without violation of its highest trust, and the most sacred principles of justice. Yet, as manifest as is this truth, such is our peculiar (it may be said extraordinary) situation, that this simple and obvious remedy to excessive patronage, the reduction of the revenue, can be applied only to a very limited extent.

But before they proceed to the question of reducing the revenue, your committee propose to show what will be its probable amount in future, as the laws now stand; to what limits the public expenditure may be reduced, consistently with the just wants of Government; and, finally, what, with such reduction, will be the probable annual surplus to the year 1842, when the highest duties will be reduced to 20 per cent. under the act of March 2, 1833; and when, as the act provides, the revenue is to be reduced to a sum necessary to an economical administration of the Government.

According to the statement from the Treasury Department, the receipts of the year 1834, from all sources, amounted to 22,584,366 dollars; of which customs yielded \$16,105,372; land \$5,020,940; the residue being made up of bank dividends and incidental items; and the question now for consideration is, what will be the probable annual receipts from all sources during the next seven years, if the income, as has just been stated, is to be reduced to the economical wants of the Government; a question which, from its nature, can only be answered by probable estimates and conjectures, and which, in this case, is the more difficult to be answered from a defect of data in reference to the customs, the principal source of revenue. The changes in the rates of duties have been so great latterly, and the period so recent since the laws, as they now stand, commenced operation, that it is impracticable to resort to those average results, deduced from long periods, by which only the temporary changes and fluctuations of commerce can be detected, and its habitual current ascertained and subjected to calculation. The act of the 2d of March, 1833, which made the last change, and on the provisions of which the estimates of the income from the customs for the period in question must be based, commenced its operation on the first of January, 1834, and we, of course, have the result of but a single year. From a statement furnished by the Treasury Department, it seems that the domestic exports of that year amounted, in round numbers, to eighty millions of dollars, and the imports, given in round numbers, (as all the subsequent statements are,) to \$125,500,000; of which \$23,000,000 were re-shipped,

leaving \$102,500,000 for the consumption and use of the country, of which \$55,000,000 were of articles free of duty, and \$47,000,000 of those liable to duties; that the gross estimated receipts amounted to \$15,572,448, and the net to \$14,222,448, leaving \$1,350,000 as the expense of collection; that the reduction of one-tenth of the duties above 20 per cent. ad valorem every two years, according to the provisions of the act of 2d of March, 1833, amounted to \$850,000.

As scanty as are these data, it is believed that it may be safely anticipated that the average annual estimated income from the customs for the period in question will be equal at least to the income of the last year. Instead of entering into all the details through which your committee have come to this conclusion, which would swell this report to an unwieldy size, they will content themselves with simply giving the results of the causes which, as far as can be foreseen, may either increase or diminish the receipts of the customs for the next seven years, as compared with the past year, accompanied by a statement of their probable effects in the aggregate.

It will, however, be previously necessary to inquire whether the estimated receipts from the customs during the last year in fact equalled the amount which the commercial transactions of the year, under ordinary circumstances, ought to have produced. It is not possible, in such an inquiry, to overlook the very unusual importation of the precious metals during the year, which, according to the statements from the Treasury Department, amounted to \$16,572,582, constituting, to that amount, a part of the articles imported in the year free of duty. The reshipment for the same period amounted to \$1,676,208, leaving in the country, of the amount imported, \$14,896,374—a sum greatly exceeding our annual consumption, which, in addition to the supplies from our own mines, probably falls short of \$2,000,000. The excess was doubtless caused by the peculiar condition of the country, in reference to its currency, during the year; and would, under ordinary circumstances, have been imported in goods of various descriptions for the usual supply of the country, instead of gold and silver. Subtracting, then, the two millions from this sum, and the balance from the amount of the articles free of duty, which, as stated, is \$55,000,000, it would reduce the annual consumption of goods, free of duty, including the precious metals, to \$42,103,626; and assuming that the proportion between goods free of duties, and those liable to duties, to be as that sum is to \$47,000,000; and, also, that the excess of the supply of gold and silver imported during the year would, under ordinary circumstances, have returned in that proportion between the dutied and the free articles, it would add to the former \$7,133,313, and, of course, increase the receipts from the customs in the same proportion; that is, it would make an addition to them of \$2,150,000; and would have raised the receipts from customs during the year from \$14,220,000 to \$16,370,000; which last, it is believed, may be assumed, at the present rate of the duties, as the probable receipts, under ordinary circumstances, of an export and import trade equal to that of the last year.

Let us now inquire into the causes which may tend, for the last year, to diminish or increase this estimated receipt during the next seven years, and their probable effects, in the aggregate, on the income from the customs:

The only cause, as is believed, that will tend to diminish the amount, as far as can now be foreseen, is the gradual reduction of one-tenth every two years, under the act of the 2d March, 1833, till the year 1841, as has been

stated. It will be seen by reference to the statement from the Treasury already given, that this reduction last year, on an importation of \$47,000,000 of dutiable articles, amounted to \$850,000. If, however, instead of that amount, the importation of such articles had been \$54,133,000, as it is assumed they would have been had not the derangement of the currency prevented, the reduction on account of the one-tenth would have increased in the same proportion, and would have, of course, amounted to \$975,000.

Against this increased reduction there must be set off a probable gradual increase of the domestic exports of the country; and with them, as a necessary consequence, a corresponding increase of the imports, and with them the receipts from the customs. If we take the six last years, from 1828 to 1834, the last included, the average annual increase of domestic exports in the period is nearly \$5,000,000, of which the increase in 1833 was \$7,200,000, and, in 1834, \$9,600,000, making in the last two years an average increase of \$8,800,000: thus showing a much more rapid increase at the end than at the beginning of the series. If to this fact we add the effect which the decrease of duties under the act of the 2d March, 1833, must have on the exports, the growing demand for the great staples of the country, and the vast amount of fertile and fresh lands brought into market within the last five years in the region most congenial to the growth of cotton, it is believed that it may be safely assumed, that the average annual increase of our domestic exports for the next seven years will at least equal \$6,000,000. This increase must be followed by a corresponding increase of imports, and with them, as stated, of the receipts from the customs. Assuming that the proportion between the free and dutied articles, in consequence of this increase of imports, will be as has been estimated, it will add to the receipts from the customs an annual increase of \$1,000,000, from which, however, must be deducted \$59,000 on account of the biennial reduction of one-tenth, which would reduce the increase to \$941,000. If this be deducted from the average reduction of one-tenth, as above ascertained, we shall have, taking the two causes together, the increase of the customs from increased imports, and the decrease from the biennial reduction of one-tenth, a decrease of revenue equal to \$34,000 annually; making, in seven years, \$238,000.

But it must be taken into the estimate, that the increase of revenue from the increase of exports is annually added, while the reduction on account of the one-tenth is biennially. Taking this into the estimate, the increase of revenue on account of the increase of the exports over the decrease, on account of the biennial reduction of one-tenth, will in the seven years equal \$3,298,500; from which take \$238,000, and it will leave an aggregate increase over the decrease of \$3,060,500.

This conclusion, however, rests on the assumption, that the proportion between the free and dutied articles will remain during the period the same as is estimated for last year; but it is probable that the reduction of the price of the free articles, in consequence of the repeal of the duties, will greatly increase their consumption, and of course have a corresponding effect in reducing the amount of the dutiable articles, and with them the receipts into the Treasury. It is however believed to be a safe estimate, that the reduction of the receipts from this cause will be more than counterbalanced by the excess of the increase of income from the increase of exports over the reduction of one-tenth biennially, as has been shown, and that it may, there-

ore, be assumed with reasonable confidence, if no untoward event should intervene, that the average annual receipts from the customs will be equal to the sum of \$16,370,000; the sum which the commerce of last year ought to have yielded, as has been shown, under ordinary circumstances.

Your committee will next inquire what will be the probable amount of receipts from the public lands during the period in question. The receipts from that source, during the last year, according to a statement from the Treasury, equalled \$5,020,940. This, however, probably greatly exceeds the permanent receipts from that source, as it was caused, probably, by the great quantity of rich and valuable land thrown into the market during the year. The receipts of 1833 equalled \$3,967,682, and that of the last four years averaged \$3,705,405. If we take into consideration with these facts the rapid increase of our population; the steady rise in landed property generally; the vast quantity of lands held by the Government, it is believed to be a safe estimate, that the average annual income from this source, during the period in question, will be at least equal to \$3,500,000.

Of the remaining sources of revenue, the bank dividends is the only one that requires notice. They amounted in 1833 to \$450,000;* and it is probable that they will give an equal annual income till the expiration of its charter, 1836; after which time there will a reduction from the income of the Government equal to the annual dividends; but it is believed by those who are most familiar with the subject, that a retrenchment in the collection of the customs by a reformation of that branch of the administration may be effected, at least equal to this reduction. It cost the Government, it seems, \$1,350,000 to collect \$14,222,448, which is more than equal to nine per cent.; a rate, considering the facility of collecting this branch of the revenue, and the decreased inducement to elude the duties in consequence of the great reduction in the rate of duties, altogether extravagant.

If these calculations should prove correct, the average income of the Government for the next seven years, not including incidental items, will equal \$20,320,000, making in the whole period the aggregate sum of \$142,240,000; to which, if we add the residue of the Government stock in the United States Bank, amounting to \$6,343,400, and which must be paid into the Treasury at the expiration of its charter, and the surplus in the Treasury on the 31st of December last; which, after deducting \$2,000,000, will amount to \$6,695,981. It will give an aggregate sum of \$148,679,381; which, divided by seven, will make the average annual sum, subject to the disposition of the Government for the next seven years, amount to \$21,239,911.

Such being the probable average annual income and means of the Government for the seven ensuing years, the next question which presents itself for consideration is, What ought to be the average expenditure for the same period?

The expenditure for the year 1834, as taken from the annual report of the Secretary of the Treasury, equals \$19,430,373, and for the preceding year \$22,713,753; deducting in both cases the payments on account of the public debt. Your committee are, however, of the opinion, that these amounts far exceed what ought to be the expenditure on a just and economical scale, and that it may be very greatly reduced without injury to the public service. They also are of opinion, that to this great and extra-

* The amount of dividends for 1834 could not be obtained from the Treasury.

vagant expenditure may be attributed, in no small degree, the disease which now threatens so seriously the body politic. That a just conception may be formed of this extraordinary increase, they have annexed a table of expenditures from the year 1823 to 1833, deducting the payment on account of the public debt; by which it appears, that in this short period of ten years the expenditure has risen from \$9,784,000 to \$22,713,000, being an excess in the latter over the former of almost \$13,000,000—a sum exceeding by nearly 3,000,000 the whole expenditure of the Government in 1823, excluding, as stated, the public debt; and this, too, during a period of profound peace, when not an event had occurred calculated to warrant any unusual expenditure. Of this enormous increase the greater part occurred in the last three years, in which time the expenditure has risen nearly \$9,000,000, which may well account for the present dangerous symptoms.

Your committee have not time to give that minute attention to the expenditures necessary to determine what particular items can or ought to be retrenched; nor do they deem it important, at present, to enter into so laborious an inquiry, even if time did not prevent. It is sufficient for their purpose to assume, that the expenditure of 1823 were, at the time, considered ample to meet all the just wants of the Government, and that, so far from being a period distinguished by parsimony, the then administration were thought by many to be unseasonably profuse, and were accordingly the object of systematic attacks on account of their supposed extravagance. Assuming, then, the expenditure of \$9,784,000 to have been ample at that period, the question which presents itself is, What ought it to be at present, taking into consideration the necessity of increased expenditures in consequence of increased population?

They have already shown that the Government cannot bear a permanent increase of expenditure in proportion to the growth of the population, which may be estimated at about three per cent., without an increase of patronage that must, in its progress, inevitably prove fatal to the institutions and liberty of the country. On this principle, the expenditure, instead of increasing nearly thirteen millions in ten years, as it has, ought to have increased much less than three, and ought not, in the opinion of your committee, to have exceeded two millions at the farthest. Assuming that sum as a liberal allowance, and adding it to the expenditure of 1823, we shall have the sum of \$11,784,000 beyond which the present expenditure ought not to have passed, including the pensions; and, excluding them, \$10,012,412, instead of \$22,713,000, the sum actually expended. Of the items which compose the present expenditure, that for pensions constituted, last year, the sum of \$3,341,877. Considering the advanced age of the pensioners, there ought to be, according to the annuity tables, a decrease, by deaths, of fourteen per cent. annually, which, in seven years, would diminish the expenditure on pensions from the sum above mentioned to \$1,040,802 annually, giving an annual average deduction of \$328,725; and would reduce the expenditure on pensions for the ensuing seven years to an average sum of \$2,048,000. Add this sum to \$10,012,412, the sum beyond which the present expenditure ought not to extend, excluding the pensions, and we shall have \$12,060,412, as what the annual average expenditure for the next seven years ought to be.

Take this from the sum of \$21,239,911, which, as has been shown, will be the probable average annual means of the Government for the same pe-

period, and it would leave \$9,179,499; or in round numbers, for the facility of calculation, nine millions, as the average surplus means during the period at the disposition of the Government, on the supposition that the expenditures will be reduced to the economical wants of the Government.

Having shown what will be the probable surplus revenue should the expenditure be reduced to its proper limits, the committee propose next to consider whether, under existing circumstances, the revenue can be reduced.

The two great sources of revenue are lands and customs. The others (not including the post office, which is a particular fund) are of small amount. After a careful investigation, your committee are of opinion that the act of 2d March, 1833, has reduced the duties on imports, with some exceptions, as far as is practicable under existing circumstances, consistently with the intent and spirit of the act.

The act provides, among other things, that after the 31st day of December, 1833, in all cases where the duties shall exceed twenty per cent. ad valorem, one-tenth part of such excess shall be reduced, and in like manner, one-tenth part every two years, till the 31st of December, 1839; and that on the 31st of December, 1841, one-half of the residue of such excess shall be deducted; and on the 30th June, 1842, the residue. It also provides that, till the 30th June, 1842, the duties imposed by the then existing law shall remain unchanged, except as provided in the sixth section.

Your committee do not deem it necessary to inquire whether the circumstances under which it passed involves any thing in the nature of a pledge or contract, which would forbid any alterations of its provisions. It is sufficient for their purpose to state the fact, that the act is the result of a compromise between great sectional interests, brought into conflict under circumstances which threatened the peace and safety of the country; and that it continues to be the only ground on which the adjustment of the controversy can stand. Under these circumstances, to disregard the provisions of the act would be to open a controversy which your committee hope is closed forever; a controversy which, if renewed, would do more to increase the power and influence of the Executive than any other event that could occur. With the impression, then, that the provisions of the act cannot be disturbed without endangering the peace of the country, and adding greatly by its consequences to executive patronage, your committee have limited their inquiries to the reduction of the duties on such articles as, by the provisions of the act, are subject to be reduced; and, after a careful investigation, they are of the opinion that all the reductions, which can be effected consistently with the spirit of the compromise, are inconsiderable; and that to make those that might be made, would require too much time and investigation to permit it to be done at this session, as will appear by a reference to the letter of the Secretary of the Treasury herewith annexed; but in order that the subject may be taken up with full information at the next session, they have instructed their chairman to submit a resolution for the consideration of the Senate, directing the Secretary of the Treasury to report, at the commencement of the next session, what duties under twenty per cent. ad valorem may, with a due regard to the manufacturing interests of the country, be repealed or reduced, with an estimate of the probable amount of the reduction.

In turning from the customs to the public lands, your committee find that the difficulty of reducing the revenue from that source is not less con-

siderable than that from the customs. They fully agree in that liberal policy in relation to the public lands, that regards them as the means of settlement, as well as a source of revenue; and that they should be disposed of accordingly, in the manner best calculated to diffuse a flourishing and happy population over the vast regions placed under our dominion; a policy, the wisdom of which is best illustrated by the wonderful success with which it has been accomplished. It is an essential maxim of this noble and generous policy, that the price of public lands should be fixed so low as to be accessible to the great mass of the citizens, and at the same time so high as not to subject them to the monopoly of the great capitalists of the country. Your committee are of opinion that this happy medium is attained by the present price; and, judging from many indications of late, that no considerable reduction can be made in the price without making them the prey of hungry and voracious speculators and monopolists, to the great injury of honest and industrious portion of the community, as well as to the portion of the country where the lands may be situated. Be this, however, as it may, it is at least certain that the immediate effect of reduction would be to increase, rather than diminish the revenue from lands, and, of course, to augment instead of reducing the public income.

To this may be added another, and, under ordinary circumstance, conclusive objection against the reduction. The reduction of the price of public lands, while it would act in effect as a bounty to the purchasers from the Government, by enabling them to acquire more land for the same sum of money, would act at the same time as a tax upon the entire body of landholders, who constitute the great mass of our population—a tax on them immeasurably greater than the bounty to the purchasers.

The Government of the United States is in fact the great land dealer of the country, and, as such, has the power, by raising or reducing the price of its lands, to reduce or raise, in a greater or less degree, the value of lands everywhere, and, of course, to effect in the same degree the property of the landholders throughout the Union. To what extent any given reduction of the price of public lands may effect the price of lands generally, would be difficult if not impossible to ascertain. It would be greater or less according to the circumstances. The price of land in the adjacent portion of the country, or that from which emigration principally flowed, would be reduced nearly in the same proportion with that of the public lands; that is, if the price of public lands be reduced one half, lands adjacent, or lying in the emigrating portion of the country, would generally fall one half, while the more remote would be less effected, in proportion to distance and the absence of emigration. But it may be safely assumed, taking the whole country, that the actual fall in the value of lands generally, in the hands of the holders, would greatly exceed the actual reduction of the price of public lands. To illustrate: if the price of the latter be reduced one half, which at present would be sixty-two and one half cents per acre, lands generally throughout the country would be reduced in value per acre much more than that sum; and if the far greater quantity held by the whole body of land proprietors, compared to the quantity sold by the Government, be taken into the estimate, some idea may be formed how great [the aggregate loss of the proprietors generally would be, on any reduction of price, compared with the aggregate gain of the purchasers. As great, however, as it must be, none who know the public spirit and enlightened patriotism of

that great and respectable portion of our citizens can doubt their cheerful acquiescence in the sacrifice, should the public interest, or the fundamental maxim which ought to govern in the disposition of the public lands, require it; but, otherwise, it would be a plain and palpable sacrifice of one, and that, the largest portion of the community, to the other, without a corresponding benefit. In presenting this view it is not the intention of your committee to offer any opinion on the propriety of a graduated reduction, as a measure of general policy, in the price of such public lands as have remained long in the market unsold, and of which there is no immediate prospect of making sale at the present price, because of their inferior quality. Their case is very distinguishable from that of the great *body of the public lands*; but as the immediate effects of such reduction would obviously be, to raise instead of reducing the revenue, and would, of course, increase instead of diminishing the difficulty under consideration.

Having now shown that no other reduction of the revenue can be effected under existing circumstances, than the progressive reduction already provided for by the act of 2d March, 1833, in either of the great sources of our public income, with the exception already stated, your committee will next proceed to inquire whether executive patronage can be reduced by reducing the expenditures of the Government.

The result of their investigation on this point is, that, for reasons which will hereafter be offered, a reduction of expenditure under existing circumstances would tend to increase instead of reducing executive patronage. But if it were otherwise, it would be found utterly impracticable, for reasons already assigned, to reduce the expenditure much below the income. Experience has abundantly proved that, so long as there is a large surplus in the Treasury, the interests in favor of its expenditure will ever be stronger than that opposed to it; and that no prudential consideration, arising from the necessity of accumulating funds to meet future wants, or the hazard of enlarging executive patronage, or the danger of corrupting the political and public morals of the country by useless and profuse expenditure, or any other whatever, are sufficient to resist the temptation to expend. If one unworthy object of appropriation is defeated, another, with no greater claims on the public bounty or justice, will ever stand ready to urge its claims, till the frugal and patriotic are wearied out with incessant and useless efforts to guard the Treasury. But were it practicable, with an overflowing treasury, to bring the expenditures within proper limits, such is the present condition of things, that to reduce expenditure would, as has been stated, increase the patronage of the Executive, and that to an extent so great, that no object of expenditure can be suggested, having a plausible claim on the justice or bounty of the public, which would tend half so much to increase his patronage, as leaving the public money unexpended to accumulate as surplus revenue in the deposite banks.

To realize the truth of this remark, it must be borne in mind that the deposits are under the exclusive *control* of the Executive; that they are deposited in banks selected by him; that they have the free use of them without compensation to the public, and they may be continued or dismissed as depositories of the public funds, at the pleasure of the Executive.

With these facts before us, the result must be obvious. To accumulate a permanent surplus revenue in the banks is, in fact, but to add so much additional bank capital—capital, in this case, exclusively under executive

control, without check or limitation; and, with its increasing amount, daily giving to him a greater control over the deposit banks; and, through them, over the banking institutions of the country generally: thus adding the deep and wide-spread influence of the banks to the already almost overwhelming patronage of the Executive.

As the expenditure cannot be reduced, the next inquiry is, whether some object of general utility, in which every portion of the country has an interest, may not be selected as a fixed and permanent object on which to expend the surplus revenue?

Your committee admit, that if such an object of expenditure could be selected, under a well-regulated system of disbursements, established by law, much of the patronage incident to the present loose and unregulated disbursements might be curtailed; but they are at a loss to find such an object. Internal improvement approaches the nearest; but there is opposed to it, with the object in view, insuperable objections. To pass by the formidable difficulty, the long established diversity of opinion as to its constitutionality, which divides the two great sections of the country, experience has shown that there is no expenditure so little susceptible of being regulated by law; none calculated to excite deeper competition, or to enlist a greater number in its favor, in proportion to the amount expended; and, of course, calculated to add more to executive patronage. To these an additional objection of a recent origin may be added. Your committee allude to the Executive veto as applied to internal improvements, the effect of which has been to increase very considerably his power and patronage in reference to this branch of expenditure. The Executive, in his veto message, assumes the ground that internal improvements may or may not be constitutional, according to the nature of each particular object; the distinction to be determined by him in the exercise of his constitutional function of giving or withholding his approval to acts of Congress; the practical effect of which is to draw within his control the power and influence which appertain, not only to the administration, but also to the enactment of the law; and, of course, to increase in the same degree his influence and patronage in reference to internal improvements.

In making these remarks, the object of your committee is not to call in question the motive of the Executive, or his right to draw what distinction he may think just and right in the exercise of his veto power, or the correctness of the distinctions in reference to the particular subject under consideration; but simply to exhibit the full extent of the objections to selecting it as the subject on which to expend the surplus revenue—objections, in their nature, incapable of being wholly removed even by an amendment of the constitution, were an amendment practicable.

But if no subject of expenditure can be selected on which the surplus can be safely expended, and if neither the revenue nor expenditure can, under existing circumstances, be reduced, the next inquiry is, what is to be done with the surplus which, as has been shown, will probably equal on an average, for the next eight years, the sum of \$9,000,000 beyond the just wants of the Government? A surplus of which unless some safe disposition can be made, all other means of reducing the patronage of the Executive must prove ineffectual.

Your committee are deeply sensible of the great difficulty of finding any satisfactory solution of this question; but believing that the very existence

of our institutions, and, with them, the liberty of the country, may depend on the success of their investigation, they have carefully explored the whole ground, and the result of their inquiry is, that but one means has occurred to them holding out any reasonable prospect of success. A few preliminary remarks will be necessary to explain their views.

Amidst all the difficulties of our situation, there is one consolation: that the danger from executive patronage, as far as it depends on excess of revenue, must be temporary. Assuming that the act of 2d of March, 1833, will be left undisturbed, by its provisions the income, after the year 1842, is to be reduced to the economical wants of the Government. The Government, then, is in a state of passage from one where the revenue is excessive, to another in which at a fixed, and no distant period, it will be reduced to its proper limits. The difficulty in the intermediate time is, that the revenue cannot be brought down to the expenditure, nor the expenditure, without great danger, raised to the revenue, for reasons already explained. How is this difficulty to be overcome? It might seem that the simple and natural means would be, to vest the surplus in some safe and profitable stock, to accumulate for future use; but the difficulty in such a course will, on examination, be found insuperable.

At the very commencement, in selecting the stock, there would be great, if not insurmountable difficulties. No one would think of investing the surplus in bank stock, against which there are so many and such decisive reasons, that it is not deemed necessary to state them; nor would the objections be less decisive against vesting in the stock of the States, which would create the dangerous relation of debtor and creditor between the Government and the members of the Union. But suppose this difficulty surmounted, and that some stock, perfectly safe, was selected, there would still remain another that could not be surmounted. There cannot be found a stock, with an interest in its favor sufficiently strong to compete with the interests which, with a large surplus revenue, will ever be found in favor of expenditures. It must be perfectly obvious to all who have the least experience, or who will duly reflect on the subject, that were a fund selected, in which to vest the surplus revenue for future use, there would be found in practice a constant conflict between the interest in favor of some local or favorite scheme of expenditure, and that in favor of the stock. Nor can it be less obvious that, in point of fact, the former would prove far stronger than the latter. The result is obvious. The surplus, be it ever so great, would be absorbed by appropriations, instead of being vested in the stock, and the scheme, of course, would, in practice, prove an abortion, which brings us back to the original inquiry, How is the surplus to be disposed of until the excess shall be reduced to the just and economical wants of the Government?

After bestowing on this question, on the successful solution of which so much depends, the most deliberate attention, your committee, as they have already stated, can advise but one means by which it can be effected; and that is, an amendment of the Constitution, authorizing the temporary distribution of the surplus revenue among the States till the year 1843; when, as has been shown, the income and expenditure will be equalized.

Your committee are fully aware of the many and fatal objections to the distribution of the surplus revenue among the States, considered as a part of the ordinary and regular system of this Government. They admit them to

be as great as can be well imagined. The proposition itself, that the Government should collect money for the *purpose of such distribution*, or should distribute a surplus for the purpose of *perpetuating taxes*, is too absurd to require refutation; and yet what would be when applied, as supposed, so absurd and pernicious, is, in the opinion of your committee, in the present extraordinary and deeply disordered state of our affairs, not only useful and salutary, but indispensable to the restoration of the body politic to a sound condition; just as some potent medicine, which it would be dangerous and absurd to prescribe to the healthy, may, to the diseased, be the only means of arresting the hand of death. Distribution, as proposed, is not for the preposterous and dangerous purpose of raising a revenue for distribution, or of distributing the surplus as a means of perpetuating a system of duties or taxes; but a temporary measure to dispose of an unavoidable surplus while the revenue is in the course of reduction, and which cannot be otherwise disposed of, without greatly aggravating a disease that threatens the most dangerous consequences; and which holds out hope, not only of arresting its further progress, but also of restoring the body politic to a state of health and vigor. The truth of this assertion, a few observations will suffice to illustrate.

It must be obvious, on a little reflection, that the effects of distribution of the surplus would be to place the interests of the States, on all questions of expenditure, in opposition to expenditure, as every reduction of expense would necessarily increase the sum to be distributed among the States. The effect of this would be to convert them, through their interests, into faithful and vigilant sentinels on the side of economy and accountability in the expenditures of this Government; and would thus powerfully tend to restore the Government, in its fiscal action, to the plain and honest simplicity of former days.

It may, perhaps, be thought by some that the power which the distribution among the States would bring to bear against the expenditure, and its consequent tendency to retrench the disbursements of the Government, would be so strong, as not only to curtail useless or improper expenditure, but also the useful and necessary. Such undoubtedly would be the consequence, if the process were too long continued; but in the present irregular and excessive action of the system, when its centripetal force threatens to concentrate all its powers in a single department, the fear that the action of this Government will be too much reduced by the measure under consideration, in the short period to which it is proposed to limit its operation, is without just foundation. On the contrary, if the proposed measure should be applied in the present diseased state of the Government, its effect would be like that of some powerful alterative medicine, operating just long enough to change the present morbid action, but not sufficiently long to superinduce another of an opposite character.

But it may be objected, that though the distribution might reduce all useless expenditure, it would, at the same time, give additional power to the interest in favor of taxation. It is not denied that such would be its tendency; and, if the danger from increased duties or taxes was at this time as great, as that from a surplus revenue, the objection would be fatal; but it is confidently believed that such is not the case. On the contrary, in proposing the measure, it is assumed that the act of March 2, 1833, will remain undisturbed. It is on the strength of this assumption that the measure is proposed, and, as it is believed, safely proposed.

It may, however, be said that the distribution may create, on the part of the States, an appetite in its favor which may ultimately lead to its adoption as a permanent measure. It may indeed tend to excite such an appetite, short as is the period proposed for its operation; but it is obvious that this danger is far more than countervailed by the fact, that the proposed amendment to the Constitution to authorize the distribution, would place the power beyond the reach of legislative construction, and thus effectually prevent the possibility of its adoption as a permanent measure; as it cannot be conceived that three-fourths of the States will ever assent to an amendment of the Constitution to authorize a distribution, except as an extraordinary measure, applicable to some extraordinary condition of the country like the present.

Giving, however, to these and other objections which may be urged, all the force that can be claimed for them, it must be remembered the question is not whether the measure proposed is or is not liable to this or that objection, but whether any other less objectionable can be devised; or rather, whether there is any other which promises the least prospect of relief that can be applied. Let not the delusion prevail that the disease, after running through its natural course, will terminate of itself, without fatal consequences. Experience is opposed to such anticipations. Many and striking are the examples of free states perishing under that excess of patronage which now afflicts ours. It may, in fact, be said with truth, that all or nearly all diseases which afflict free governments may be traced directly or indirectly to excess of revenue and expenditure; the effect of which is to rally around the Government a powerful, corrupt, and subservient corps—a corps ever obedient to its will, and ready to sustain it in every measure, whether right or wrong; and which, if the cause of the disease be not eradicated, must ultimately render the Government stronger than the people.

What progress this dangerous disease has already made in our country, it is not for your committee to say; but when they reflect on the present symptoms; on the almost unbounded extent of executive patronage, wielded by a single will; the surplus revenue, which cannot be reduced within proper limits in less than seven years—a period which covers two presidential elections, on both of which all this mighty power and influence will be brought to bear; and when they consider that, with the vast patronage and influence of this Government, that of all the States acting in concert with it, will be combined, there are just grounds to fear that the fate which has befallen so many other free governments must also befall ours, unless, indeed, some effectual remedy be forthwith applied. It is under this impression that your committee have suggested the one proposal; not as free from all objections, but as the only one of sufficient power to arrest the disease, and to restore the body politic to a sound condition; and they have accordingly reported a resolution, so to amend the Constitution, that the money remaining in the Treasury at the end of each year 'till the 1st of January, 1843, deducting therefrom the sum of 2,000,000 dollars to meet current and contingent expenses, shall annually be distributed among the States and Territories, including the District of Columbia; and, for that purpose, the sum to be distributed to be divided into as many shares as there are Senators and Representatives in Congress, adding two for each Territory, and two for the District of Columbia; and that there shall be allotted to each State a number of shares equal to its representation in both Houses, and to the Territories, including the District of Columbia, two shares each. Sup-

posing the surplus to be distributed should average 9,000,000 dollars annually, as estimated, it would give to each share 30,405 dollars; which multiplied by the number of Senators and Representatives of any State, would show the sum to which it would be entitled.

The reason for selecting the ratio of distribution proposed in the amendment is so obvious as to require but little illustration. It is that which indicates the relative political weight assigned by the Constitution to the members of the confederacy respectively; and, it is believed, approaches as nearly to equality as any other that can be selected. It may be objected that some States, under the distribution, may receive more, and others less than their actual contribution to the Treasury, under the existing system of revenue. The truth of the objection may be acknowledged, but it must also be acknowledged that the inequality is at least as great under the present system of disbursements, and would be as great under any other disposition of the surplus that can be adopted.

But as effectual as the distribution must be, if adopted, to retrench improper expenditure, and reduce correspondingly the patronage of the Government, yet other means must be added to bring it within safe limits, and to prevent the recurrence hereafter of the danger which now threatens the institutions and the liberty of the country; and, with this view, your committee have reported a bill to repeal the first and second sections of the act to limit the term of certain officers therein named, passed 13th May, 1820; to make it the duty of the President to lay before Congress, on the first of January next, and on the first of January every four years thereafter, the names of all defaulting officers and agents charged with the collection and disbursements of the public money, whose commissions shall be vacated from and after the date of such message; and also to make it his duty, in all cases of nomination to fill vacancies occasioned by removal from office, to assign the reason for which said officer may have been removed.

The provisions of this bill are the same as those contained in bill number 2, reported to the Senate on the 4th May, 1826, by a select committee appointed to "inquire into the expediency of reducing the patronage of the Government of the United States," and which was accompanied by an explanatory report, to which your committee would refer the Senate; and, in order to facilitate the reference, they have instructed their chairman to move to reprint the report for their use.

But the great and alarming strides which patronage has made in the short period that has intervened since the date of the report, has demonstrated the necessity of imposing other limitations on the discretionary powers of the Executive; particularly in reference to the General Post Office and the public funds, on which important subject the Executive has an almost unlimited discretion as things now are.

In a government like ours, liable to dangers so imminent from the excess and abuse of patronage, it would seem extraordinary that a department of such vast powers, with an annual income and expenditure so great, and with a host of persons in its service, extending and ramifying itself to the remotest point, and into every neighborhood of the Union, and having a control over the correspondence and intercourse of the whole community, should be permitted to remain so long without efficient checks or responsibility, under the almost unlimited control of the Executive. Such a power, wielded by a single will, is sufficient of itself, when made an instrument of ambi-

tion, to contaminate the community, and to control, to a great extent, public opinion. To guard against this danger, and to impose effectual restrictions on Executive patronage, acting through this important department, your committee are of the opinion that an entire re-organization of the department is required; but their labor, in reference to this great subject, has been superseded by the Committee on the Post Office, which has bestowed so much attention on it, and which is so much more minutely acquainted with the diseased state of the department than your committee can be, that it would be presumption on their part to attempt to add to their recommendation.

But, as extensive and dangerous as is the patronage of the Executive through the Post Office Department, it is not much less so in reference to the public funds, over which, as has been stated, it now has *unlimited control*, and through them, over the entire banking system of the country. With a banking system, spread from Maine to Louisiana; from the Atlantic to the utmost west; consisting of not less than five or six hundred banks, struggling among themselves for existence and gain; with an immense public fund, under the control of the Executive, to be deposited in whatever banks he may favor, or to be withdrawn at his pleasure; it is impossible for ingenuity to devise any scheme better calculated to convert the surplus revenue into a most potent engine of power and influence; and, it may be added, of peculation, speculation, corruption, and fraud. The first and most decisive step against this danger is that, already proposed, of distributing the surplus revenue among the States, which will prevent its growing accumulation in the banks, and, with it, the corresponding increase of executive power and influence over the banking system. In addition, your committee have reported a bill to change the deposit banks at the rate of per cent. per annum for the use of the public funds, to be calculated on the average monthly deposits; to prohibit transfers, except for the purpose of disbursements; and to prevent a removal of the public funds from the banks in which they are now, or may hereafter be deposited, without the consent of Congress, except as is provided in the bill. The object of the bill is to secure to the Government an equivalent for the use of the public funds; to prevent the abuses and influence incident to transfer-warrants; and to place the deposit banks, as far as it may be practicable, beyond the control of the Executive.

In addition to these measures, there are, doubtless, many others connected with the customs, Indian affairs, public lands, army, navy, and other branches of the administration, into which, it is feared, there have crept many abuses, which have unnecessarily increased the expenditures and the number of persons employed, and, with them, the executive patronage; but to reform which would require a more minute investigation into the general state of the administration than your committee can at present bestow. Should the measures which they have recommended receive the sanction of Congress, they feel a strong conviction that they will greatly facilitate the work of carrying accountability, retrenchment, and economy through every branch of the administration, and thereby reduce the patronage of the Executive to those safe and economical limits which are necessary to a complete restoration of the equilibrium of the system, now so dangerously disturbed. Your committee are deeply impressed with the necessity of commencing early, and of carrying through, to its full and final completion, this great work of reform.

The disease is daily becoming more aggravated and dangerous; and, if it be permitted to progress for a few years longer, with the rapidity with which it has of late advanced, it will soon pass beyond the reach of remedy. This is no party question. Every lover of his country and of its institutions, be his party what it may, must see and deplore the rapid growth of patronage, with all its attending evils, and the certain catastrophe which awaits its further progress, if not timely arrested. The question now is not how, or where, or with whom the danger originated, but how it is to be arrested; not the cause, but the remedy; not how our institutions and liberty have been endangered, but how they are to be rescued.

RECEIPTS.

| YEAR. | Customs. | Lands. | Dividends on bank stock. | Sales of bank stock. | Incidental items. | Post Office. | Aggregate receipts. |
|-------|-----------------|--------------|--------------------------|----------------------|-------------------|--------------|---------------------|
| 1833 | \$29,032,508 91 | 3,967,682 55 | 474,985 00 | 135,300 00 | 337,949 79 | 2,718,848 00 | \$36,667,274 25 |

Statement of the expenditures of the United States, during the year 1833.

EXPENDITURES.

| YEAR. | Civil list, foreign intercourse, &c. | Military service, including internal improvements. | Naval service, and for gradual improvement of navy. | Public debt. | Post Office. | Total expenditures. |
|-------|--------------------------------------|--|---|--------------|--------------|---------------------|
| 1833 | \$5,716,245 93 | 13,096,152 43 | 3,901,376 75 | 1,543,543 28 | 2,972,091 00 | 27,229,389 49 |

Table showing the persons in the employment and pay of the Executive Departments of the Government of the United States, in the years 1825 and 1833, respectively; specifying the number under each Department.

| | 1825. | | | | 1833. | | | |
|---------------------|--|-------------|-------------|--------|--|-------------|-------------|---------|
| | Number of each class. | | | | Number of each class. | | | |
| | Civil list, including judicial officers. | Pensioners. | All others. | Total. | Civil list, including judicial officers. | Pensioners. | All others. | Total. |
| Department of State | 165 | - | 260 | 425 | 186 | - | 270 | 456 |
| Treasury | 185 | - | *1,359 | 1,544 | 183 | - | 3,641 | 3,824 |
| War | 60 | 16,726 | 10,890 | 27,676 | 119 | 38,347 | 16,722 | 55,069 |
| Navy | 22 | 643 | 6,892 | 7,557 | 29 | 489 | 8,784 | 8,813 |
| Post Office | 41 | - | 18,534 | 18,575 | 80 | - | 31,837 | 31,917 |
| Aggregates | 473 | 17,369 | 27,935 | 55,777 | 597 | 38,836 | 61,254 | 100,079 |

* Owing to the destruction of the Treasury building by fire, in 1833, the number of persons employed in the revenue cutters in the year 1825, cannot be ascertained. The number for this service in 1833, is 453.

Statement of the expenditures for the support of the Government of the United States, (including payments on account of pensions, and exclusive of payments on account of the public debt,) from the year 1823 to the year 1833.

| Year. | Amount. |
|-------|----------------|
| 1823 | \$9,784,154 59 |
| 1824 | 10,328,144 71 |
| 1825 | 11,490,459 94 |
| 1826 | 13,062,316 27 |
| 1827 | 12,653,095 65 |
| 1828 | 13,296,041 00 |
| 1829 | 12,659,490 62 |
| 1830 | 13,229,533 33 |
| 1831 | 13,864,067 90 |
| 1832 | 16,516,388 77 |
| 1833 | 22,713,755 11 |

From the Secretary of the Treasury, on the subject of the Duties and amount of Revenue from Impost and Public Lands.

TREASURY DEPARTMENT,

January 26, 1835.

SIR: In reply to yours of the 24th instant, I have the honor to submit a list of all the articles which now pay an ad valorem duty, supposed to be less than twenty per cent.

Annexed is another list of all articles which now pay a specific duty; but very few of which it is believed, if that duty was computed ad valorem, would be introduced at less than twenty per cent. But on this point no great certainty can be attained, as the specific duty would probably be more or less than twenty per cent. in sundry cases, on the same article at the same date, as the invoice price of it, when purchased and imported from different places, might show a different value, cost, &c., attached to the same description of merchandize. By a correspondence with some of the large

ports, however, and a few weeks' delay, a calculation could be made of the rate of percentage on the articles paying specific duties, during any particular period, and the result, when ascertained, could be communicated to the committee, provided it would not be too late, and they request it to be done.

In respect to the next inquiry, as to the reduction or repeal of duty, "having a due regard to the manufacturing interest," which would be made on the articles ascertained to pay less than twenty per cent., I would observe, that, in order to answer this with any great degree of accuracy, it must first be decided which of the articles now paying specific duties ought to be included in those paying less than twenty per cent. But taking it for granted that none of them, of much importance, should be so included, the list of articles already ascertained to pay less than twenty per cent., consist in part of such that, undoubtedly, the duty on that part might be wholly repealed without affecting materially any domestic manufacture in this country. Those articles included in that part consist chiefly of almond paste, amber and composition beads, balsams, cosmetics, Brazil pebbles, Bristol stone, calomel, tartar emetic, gold lace, and various essential oils. But the amount that the revenue would probably be annually diminished by such reduction must be very trifling, not exceeding in all, it is estimated, over sixty thousand dollars. The residue of the articles which are ascertained to pay less than twenty per cent., are such that the reduction or repeal of the duty on them would probably be deemed to affect, more or less, some interest, either agricultural or manufacturing. But without a thorough and somewhat extensive inquiry into facts, so as to see whether any particular manufacture, with which they compete or are connected, could be carried on successfully, after a total repeal or further reduction of the present duty, any estimate or opinion would be very uncertain and of little value. Such an inquiry, however, will be instituted, and the results presented at the earliest day practicable, if the committee desire it.

My present impressions are, that on those articles, with the exception of the different kinds of clothes, linen, woollen, silk, and hair, and, with the exception of the manufacture of lead, the duties on which could not probably be reduced at present with propriety, a reduction could be made in respect to some of them, and in a few cases an entire repeal might take place without material injury. But the whole duties now collected on the others would not be found to be so large as to make a small reduction of them in some cases, and an entire repeal of them in others, very important in their bearing on the whole amount of our annual revenue.

It is believed, from the best data now in possession of the department, that any judicious reduction on the others would not annually be likely to exceed two hundred thousand dollars.

It is an important circumstance, in connexion with this subject, that the whole value of articles paying *ad valorem* duties, whether above or below twenty per cent., has fallen rapidly under the present tariff, as in 1832 it exceeded fifty-two millions, in 1833 was about forty-nine millions, and in 1834 fell to about thirty-four millions. Indeed, although our whole importations during the last three years have so greatly increased, yet those paying duties of any kind, *ad valorem* or specific, have diminished from about sixty-three millions in 1832, to about fifty-five millions in 1833, and, as far as ascertained, to only about forty-seven millions in 1834.

The amount of the sales of land in the 4th quarter of 1834, as requested in the note added the 24th instant, to your letter of the 10th instant, is ascertained, so far as practicable from the present returns, to have been about \$1,944,465; and which, as most of the auction sales are in the last quarter, considerably exceeds the whole sales in both the two previous quarters.

The other inquiry in that postscript as to the balance in the Treasury on the last day of December, 1835, can be answered with considerable accuracy, though the returns are not all yet completed. The nominal balance of money on hand was about \$8,695,981, of which the unavailable funds were about \$1,150,000, and the appropriations outstanding on the same day, not now subject to be carried to the surplus fund, and not yet paid, were about \$7,128,123, leaving an effective balance of \$417,858 for any new objects.

Yours, respectfully,

LEVI WOODBURY,

Secretary of Treasury.

Hon. JOHN C. CALHOUN,

Chairman of Committee on Executive Patronage.

